HENRY GROUP HOLDINGS LIMITED
鎮科集團控股有限公司

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(Incorporated in Bermuda with limited liability)

(Stock Code: 859)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2008

The board of directors (the "Directors") of Henry Group Holdings Limited (the "Company") is pleased to announce the audited annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008, together with the comparative audited figures for the year ended 31 March 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	Notes	**2008** **HK$**	2007 *HK$* *(Restated)*
Continuing operations			
Turnover	*3*	**23,591,850**	6,318,081
Other income and gain	*4*	**833,785**	626,006
Increase in fair value of investment properties		**38,900,000**	—
Goodwill on acquisition written off		**(18,633,751)**	(3,882,918)
Staff costs		**(13,857,015)**	(8,891,369)
Depreciation on property, plant and equipment		**(284,295)**	(92,577)
Other operating expenses		**(6,171,411)**	(6,105,091)
Profit/(loss) from operations	*5*	**24,379,163**	(12,027,868)
Finance costs	*6*	**(18,079,097)**	(59,926)
Profit/(loss) before taxation		**6,300,066**	(12,087,794)
Taxation	*7*	**(3,631,564)**	—
Net profit/(loss) for the year from continuing operations		**2,668,502**	(12,087,794)

	Notes	2008 HK$	2007 HK$ (Restated)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	*8*	**6,687,916**	(7,179,456)
Profit/(loss) for the year attributable to equity holders of the Company		**9,356,418**	(19,267,250)
Dividend		**—**	—
Earnings/(loss) per share	*9*		
From continuing and discontinued operations			
— Basic		**2.53 cents**	(8.57 cents)
— Diluted		**2.47 cents**	N/A
From continuing operations			
— Basic		**0.72 cents**	(5.38 cents)
— Diluted		**0.71 cents**	N/A

CONSOLIDATED BALANCE SHEET

As at 31 March 2008

	Notes	2008 HK$	2007 HK$
NON-CURRENT ASSETS			
Property, plant and equipment		**1,262,210**	5,402,161
Investment properties		**590,000,000**	—
Properties under development		**384,061,779**	—
Deposit paid for acquisition		**70,000,000**	—
		1,045,323,989	5,402,161
CURRENT ASSETS			
Inventories — finished goods		**—**	20,657
Trade and other receivables	*10*	**8,924,746**	3,484,366
Cash and bank balances		**55,727,697**	3,663,092
		64,652,443	7,168,115
CURRENT LIABILITIES			
Trade and other payables, rental deposits received and accruals	*11*	**13,652,014**	5,335,587
Obligations under a finance lease		**—**	210,265
Bank borrowings — current portion (secured)		**2,423,091**	1,983,295
Tax payable		**557,697**	545,815
		16,632,802	8,074,962
NET CURRENT ASSETS/(LIABILITIES)		**48,019,641**	(906,847)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,093,343,630**	4,495,314
NON-CURRENT LIABILITIES			
Bank borrowings non-current portion (secured)		**403,650,000**	—
Convertible notes		**114,845,477**	—
Amount due to a related company		**—**	4,336,867
Advances from a director		**—**	2,706,271
Advances from a minority shareholder		**697,766**	649,413
Obligations under a finance lease		**—**	621,961
Deferred tax liabilities		**94,907,927**	—
		614,101,170	8,314,512
NET ASSETS/(LIABILITIES)		**479,242,460**	(3,819,198)

	Notes	2008 HK$	2007 HK$
EQUITY			
Share capital		**50,270,800**	22,481,167
Reserves		**428,971,659**	(26,300,365)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**479,242,459**	(3,819,198)
Minority interest		**1**	—
TOTAL EQUITY		**479,242,460**	(3,819,198)

Notes:

1. Basis of Preparation

(a) *Statement of compliance*

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(b) *Basis of preparation of financial statements*

The consolidated financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties which are carried at fair value.

Comparative Figures

As a result of the discontinued operations and the adoption of HKFRS 7, Financial instruments: Disclosure, and the amendment to HKAS 1, presentation of financial statements: Capital Disclosures, certain comparative figures have been adjusted or re-classified to conform with change in disclosure in the current year and to show separately comparative amounts in respect of items disclosed for the first time in 2008.

2. Impact of Issued but not yet Effective HKFRS

The Group has not early applied the following new standards and interpretations that have been issued and are relevant to the Group but are not yet effective. The Group is in the process of making an assessment of what the impact of these new or revised standards or interpretations is expected to be in the period of initial application.

		Effective for annual periods beginning on or after
HKAS 1 (Revised)	Presentation of Financial Statements	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
HKFRS 2 (Amendment)	Share-Based Payment — Vesting Conditions and Cancellations	1 January 2009
HKFRS 3 (Revised)	Business Combinations	1 July 2009
HKFRS 8	Operating Segments	1 January 2009

3. Segment Information

(a) *Business segments*

Consolidated Income Statement for the year ended 31 March 2008

	Continuing operations				**Discontinued operations**				**Consolidated**
	Property leasing and development *HK$*	**Provision of property agency and consultancy services** *HK$*	**Securities investment** *HK$*	**Total** *HK$*	**Design and manufacture of computer motherboard and network products** *HK$*	**Supply of computer related products** *HK$*	**Supply of mobile storage and related products** *HK$*	**Total** *HK$*	**Total** *HK$*
GROSS PROCEEDS	14,043,550	9,548,300	10,018,744	33,610,594	—	90,060,671	20,327,000	110,387,671	143,998,265
TURNOVER	14,043,550	9,548,300	—	23,591,850	—	90,060,671	20,327,000	110,387,671	133,979,521
RESULTS									
Segment results	13,304,740	579,333	(9,117)	13,874,956	—	(314,083)	(70,890)	(384,973)	13,489,983
Increase in fair value of investment properties				38,900,000				—	38,900,000
Goodwill on acquisition written off				(18,633,751)				—	(18,633,751)
Unallocated corporate income				724,591				1,211,179	1,935,770
Unallocated corporate expenses				(10,486,633)				(2,462,189)	(12,948,822)
Profit from operations				24,379,163				(1,635,983)	22,743,180
Finance costs				(18,079,097)				(327,683)	(18,406,780)
Gain on disposal of subsidiaries				—				8,651,582	8,651,582
Profit before taxation				6,300,066				6,687,916	12,987,982
Taxation				(3,631,564)				—	(3,631,564)
Profit for the year				2,668,502				6,687,916	9,356,418

Consolidated Balance Sheet as at 31 March 2008

	Continuing operations				Discontinued operations				Consolidated
	Property leasing and development *HK$*	Provision of property agency and consultancy services *HK$*	Securities investment *HK$*	Total *HK$*	Design and manufacture of computer motherboard and network products *HK$*	Supply of computer related products *HK$*	Supply of mobile storage and related products *HK$*	Total *HK$*	Total *HK$*
ASSETS									
Segment assets	**982,113,290**	**5,171,992**	**9,998,941**	**997,284,223**	**—**	**—**	**—**	**—**	**997,284,223**
Unallocated corporate assets									**112,692,209**
Consolidated total assets									**1,109,976,432**
LIABILITIES									
Segment liabilities	**509,697,508**	**4,984,100**	**5,000**	**514,686,608**	**—**	**—**	**—**	**—**	**514,686,608**
Unallocated corporate liabilities									**116,047,364**
Consolidated total liabilities									**630,733,972**

OTHER INFORMATION

For the year ended 31 March 2008

	Continuing operations			Discontinued operations				
	Property leasing and development *HK$*	Provision of property agency and consultancy services *HK$*	Securities investment *HK$*	Design and manufacture of computer motherboard and network products *HK$*	Supply of computer related products *HK$*	Supply of mobile storage and related products *HK$*	Unallocated *HK$*	Total *HK$*
Capital additions	**135,740**	**17,449**	**—**	**—**	**21,772**	**4,914**	**114,003**	**293,878**
Depreciation of property, plant and equipment	**173,711**	**72,220**	**—**	**—**	**34,142**	**7,707**	**364,872**	**652,652**
Goodwill on acquisition written off	**18,633,751**	**—**	**—**	**—**	**—**	**—**	**—**	**18,633,751**
Loss on disposal of property, plant and equipment	**—**	**28,641**	**—**	**—**	**—**	**—**	**102,568**	**131,209**
Increase in fair value of investment properties	**(38,900,000)**	**—**	**—**	**—**	**—**	**—**	**—**	**(38,900,000)**

Consolidated Income Statement for the year ended 31 March 2007

	Continuing operations	Discontinued operations				Consolidated
	Provision of property agency and consultancy services	Design and manufacture of computer motherboard and network products	Supply of computer related products	Supply of mobile storage and related products	Total	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
TURNOVER	6,318,081	6,423,078	223,873,011	16,091,251	246,387,340	252,705,421
RESULTS						
Segment results	(2,935,219)	1,415,598	3,671,174	822,701	5,909,473	2,974,254
Unallocated corporate income	76,646				2,327,245	2,403,891
Unallocated corporate expenses	(9,169,295)				(15,016,815)	(24,186,110)
Loss from operations	(12,027,868)				(6,780,097)	(18,807,965)
Finance costs	(59,926)				(399,359)	(459,285)
Loss before taxation	(12,087,794)				(7,179,456)	(19,267,250)
Taxation	—				—	—
Loss for the year	(12,087,794)				(7,179,456)	(19,267,250)

Consolidated Balance Sheet as at 31 March 2007

	Continuing operations	Discontinued operations				Consolidated
	Provision of property agency and consultancy services	Design and manufacture of computer motherboard and network products	Supply of computer related products	Supply of mobile storage and related products	Total	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
ASSETS						
Segment assets	2,343,270	4,489,863	1,173,602	391,201	6,054,666	8,397,936
Unallocated corporate assets						4,172,340
Consolidated total assets						12,570,276
LIABILITIES						
Segment liabilities	5,907,099	2,488,018	481,430	160,477	3,129,925	9,037,024
Unallocated corporate liabilities						7,352,450
Consolidated total liabilities						16,389,474

OTHER INFORMATION

For the year ended 31 March 2007

	Continuing operations	Discontinued operations				
	Provision of property agency and consultancy services *HK$*	Design and manufacture of computer motherboard and network products *HK$*	Supply of computer related products *HK$*	Supply of mobile storage and related products *HK$*	Unallocated *HK$*	Total *HK$*
Capital additions	218,783	8,743	1,051,472	—	65,935	1,344,933
Depreciation of property, plant and equipment	82,830	1,629,369	105,920	66,055	9,747	1,893,921
Impairment loss on property, plant and equipment	—	1,669,591	—	—	—	1,669,591
Written/loss on disposal of property, plant and equipment	311,784	1,071,240	—	—	—	1,383,024
Impairment loss on trade and other receivables	—	—	163,298	—	—	163,298
Impairment loss on goodwill	3,882,918	—	—	—	—	3,882,918
Write back of provision for slow-moving and obsolete inventories	—	(554,920)	—	—	—	(554,920)
Revaluation surplus on property, plant and equipment	—	—	(87,500)	—	—	(87,500)

(b) ***Geographical segments***

The Group's Continuing operations are located in Hong Kong. Accordingly, no geographical segment is presented.

4. Other income and gain

	Continuing operations		Discontinued operations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Bank interest income	**776,594**	76,646	**9,960**	39,245	**786,554**	115,891
Sub-letting rental income	**—**	—	**1,099,894**	1,891,552	**1,099,894**	1,891,552
Sundry income	**19,625**	549,360	**102,976**	371,448	**122,601**	920,808
Gain on disposal of available-for-sale financial assets	**37,566**	—	**—**	25,000	**37,566**	25,000
	833,785	626,006	**1,212,830**	2,327,245	**2,046,615**	2,953,251

5. Profit/(loss) from operations

	Continuing operations		Discontinued operations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Profit/(loss) from operations is arrived at after charging/(crediting):						
Directors' remuneration	**6,009,004**	1,048,600	**—**	—	**6,009,004**	1,048,600
Other staff costs						
Salaries and allowances	**7,398,690**	7,574,378	**1,937,870**	4,982,972	**9,336,560**	12,557,350
Retirement benefit scheme contributions	**188,081**	255,476	**64,394**	152,710	**252,475**	408,186
Share-based payments	**233,613**	—	**—**	—	**233,613**	—
Other benefits in kind	**27,627**	12,915	**17,250**	52,071	**44,877**	64,986
	7,848,011	7,842,769	**2,019,514**	5,187,753	**9,867,525**	13,030,522
Total staff costs	**13,857,015**	8,891,369	**2,019,514**	5,187,753	**15,876,529**	14,079,122
Impairment loss on property, plant and equipment	**—**	—	**—**	1,669,591	**—**	1,669,591
Impairment loss on trade and other receivables	**—**	—	**6,337**	163,298	**6,337**	163,298
Bad debts written off	**—**	837,900	**—**	13,519	**—**	851,419
Net exchange loss	**35,473**	92	**205,147**	1,469,969	**240,620**	1,470,061
Auditor's remuneration	**541,015**	286,667	**29,409**	165,048	**570,424**	451,715
Cost of inventories recognised as an expense	**—**	—	**108,416,092**	238,810,294	**108,416,092**	238,810,294
Depreciation of property, plant and equipment	**284,295**	92,577	**368,357**	1,801,344	**652,652**	1,893,921
Write off/loss on disposal of property, plant and equipment	**28,641**	311,784	**102,568**	1,071,241	**131,209**	1,383,025
Property rental income under operating leases, net of direct outgoings of HK$54,004 (2007: HK$Nil)	**(13,989,546)**	—	**—**	—	**(13,989,546)**	—

6. Finance costs

	Continuing operations		Discontinued operations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Interest charge on bank borrowings						
— wholly repayable within five years	**70,885**	59,926	**61,519**	345,947	**132,404**	405,873
— wholly repayable after five years	**11,708,746**	—	**—**	—	**11,708,746**	—
Imputed interest on convertible notes	**8,392,266**	—	**—**	—	**8,392,266**	—
Imputed interest on interest-free advances from a minority shareholder	**65,789**	—	**243,885**	37,299	**309,674**	37,299
Finance charges on finance lease	**—**	—	**22,279**	16,113	**22,279**	16,113
	20,237,686	59,926	**327,683**	399,359	**20,565,369**	459,285
Less: amount capitalised into property under development	**(2,158,589)**	—	**—**	—	**(2,158,589)**	—
	18,079,097	59,926	**327,683**	399,359	**18,406,780**	459,285

7. Taxation

	2008	2007
	HK$	*HK$*
Current tax — Hong Kong		
— Provision for the year	**45,607**	—
— Under provision in respect of prior years	**43,561**	—
	89,168	—
Deferred taxation		
— attributable to the origination and reversal of temporary differences	**7,365,741**	—
— resulting from a change in tax rate in Hong Kong	**(3,823,345)**	—
	3,542,396	—
	3,631,564	—

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profit for the year.

With effect from the year of assessment 2008/09, Hong Kong profits tax rate has been reduced from 17.5% to 16.5%.

8. Discontinued operations

On 7 August 2007, the Group entered into a sale and purchase agreement to dispose of Zida International Holding Limited ("Zida"), a wholly owned subsidiary of the Company, and its subsidiaries (the "Disposal Group") which carried out all of the Group's business operations in manufacture, marketing and research and development of computer motherboards, networking products and related components and mobile storage and related products ("Discontinued Business"). The directors anticipated the volatile information technology industry continuing to pose challenges to the Discontinued Business, in particular, the sustained net loss position of the Disposal Group for the past two financial years, as well as the unaudited net liabilities of the Disposal Group as at 31 March 2007. The Board therefore decided to dispose of Zida. As a result of the disposal, the Group would no longer be exposed to the business and financial risk in the volatile information technology industry. The disposal was completed on 21 September 2007, on which date control of Zida passed to the acquirer.

An analysis of the results of the discontinued operations included in the consolidated income statement is as follows:

	2008	2007
	HK$	*HK$*
Turnover	**110,387,671**	246,387,340
Costs of sales	**(108,600,657)**	(240,477,882)
Gross profit	**1,787,014**	5,909,458
Other income and gain *(note 4)*	**1,212,830**	2,327,245
Selling expenses	**(409,841)**	(994,467)
Administrative expenses	**(4,225,986)**	(14,022,333)
Loss from operations	**(1,635,983)**	(6,780,097)
Finance costs *(note 6)*	**(327,683)**	(399,359)
Loss before taxation	**(1,963,666)**	(7,179,456)
Taxation	**—**	—
Loss for the period from discontinued operations	**(1,963,666)**	(7,179,456)
Gain on disposal of the discontinued operations	**8,651,582**	—
Profit/(loss) for the year from discontinued operations	**6,687,916**	(7,179,456)

The net liabilities of the Disposal Group at the date of disposal were as follows:

	HK$
Net liabilities disposed of:	
Property, plant and equipment	2,876,695
Inventories	309,669
Trade and other receivables	1,489,609
Bank balances and cash	291,723
Trade and other payables	(3,044,883)
Bank overdraft	(3,120,542)
Amount due to a related company	(1,403,752)
Finance lease obligations	(728,674)
	(3,330,155)
Add: Release of exchange reserve	(1,536,184)
Less: Professional fees incurred	514,757
	(4,351,582)
Gain on disposal of subsidiaries	8,651,582
Total consideration	4,300,000

9. Earnings/(loss) per share

From continuing and discontinued operations

The calculation of basic and diluted earnings per share attributable to equity holders of the Company is based on the following data:

(i) *Profit attributable to equity holders of the Company*

	2008 *HK$*	2007 *HK$*
Profit/(loss) for the year attributable to equity holders of the Company	**9,356,418**	(19,267,250)

(ii) *Weighted average number of ordinary shares*

	2008	2007
Issued ordinary shares at 1 April	**224,811,667**	224,145,000
Effect of share placements	**57,538,797**	—
Effect of shares issued as part of consideration for acquisition of subsidiaries	**87,279,698**	—
Effect of share options exercised	**836,995**	624,657
Weighted average number of ordinary shares at 31 March for the purpose of calculation of basic earnings per share	**370,467,157**	224,769,657
Effect of dilutive potential ordinary shares: Share options	**7,845,535**	
Weighted average number of ordinary shares at 31 March for the purpose of calculation of diluted earnings per share	**378,312,692**	

The diluted loss per share for the year ended 31 March 2007 is not presented as the exercise of the share options will decrease the loss per share from continuing and discontinued operations.

From continuing operations

(i) *Profit attributable to equity holders of the Company*

	2008	2007
	HK$	*HK$*
Profit/(loss) for the year attributable to equity holders of the Company	**9,356,418**	(19,267,250)
Less: Profit/(loss) for the year from discontinued operations	**(6,687,916)**	7,179,456
Profit/(loss) for the year for the purpose of basic earnings per share from continuing operations	**2,668,502**	(12,087,794)

(ii) *Weighted average number of ordinary shares*

	2008	2007
Weighted average number of ordinary shares at 31 March for the purpose of calculation of basic earnings/(loss) per share	**370,467,157**	224,769,657
Effect of dilutive potential ordinary shares:		
Share options	**7,845,535**	
Weighted average number of ordinary shares at 31 March for the purpose of calculation of diluted earnings/(loss) per share	**378,312,692**	

The diluted loss per share for the year ended 31 March 2007 is not presented as the exercise of the share options will decrease the loss per share from continuing operations.

From discontinued operations

(i) *Profit/(loss) attributable to equity holders of the Company*

	2008	2007
	HK$	*HK$*
Profit/(loss) for the year from discontinued operations for the purpose of basic and diluted earnings/(loss) per share	**6,687,916**	(7,179,456)

(ii) *Weighted average number of ordinary shares*

	2008	2007
Weighted average number of ordinary shares at 31 March for the purpose of calculation of basic earnings/(loss) per share	**370,467,157**	224,769,657
Effect of dilutive potential ordinary shares:		
Share options	**7,845,535**	
Convertible notes	**172,724,661**	
Weighted average number of ordinary shares at 31 March for the purpose of calculation of diluted earnings/(loss) per share	**551,037,353**	

The basic earnings/(loss) per share for the year ended 31 March 2008 from discontinued operations is HK1.80 cents (2007: HK(3.19) cents) which is based on the data detailed above.

The diluted earnings per share for the year ended 31 March 2008 is HK1.21 cents based on the data detailed above. The diluted loss per share for year ended 31 March 2007 is not presented as the conversion of the convertible notes and share options will decrease the loss per share from discontinued operations.

The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share:

	2008	2007
Earnings per share from continuing and discontinued operations/continuing operations		
Convertible notes	**172,724,661**	—
Share options	**—**	1,879,943
	172,724,661	1,879,943

10. Trade and other receivables

The trade receivables included in trade and other receivables mainly consist of agency and consultancy fees receivable from customers and rental receivables. The agency and consultancy fees receivable are due for settlement upon the completion of the relevant agreements. The aged analysis of the Group's trade receivables is as follows:

	2008	2007
	HK$	*HK$*
Up to 30 days	**3,818,514**	481,708
31–60 days	**94,778**	513,680
61–90 days	**83,157**	558,700
More than 90 days	**2,127,171**	589,644
	6,123,620	2,143,732

The Directors consider that the carrying amount of trade receivables approximates their fair value.

11. Trade and other payables, Rental Deposits Received and Accruals

	2008	2007
	HK$	*HK$*
Trade payables	**—**	2,490,562
Construction costs payables	**2,355,131**	—
Rental deposits received	**6,238,364**	—
Accruals (note)	**4,973,519**	2,845,025
	13,567,014	5,335,587
Advanced rental received	**85,000**	—
	13,652,014	5,335,587

Note: The amount included commissions payable of HK$723,530 to Mr Chan Kwok Hung, a director of a non-wholly owned subsidiary.

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31 March 2008 (2007: Nil).

BUSINESS REVIEW AND PROSPECT

During the year under review, the Group had made enormous progress with its business.

Divestment in Loss-Incurring IT-Related Business

In September 2007, the Company disposed of its entire equity interest in Zida International Holding Limited ("Zida") for a cash consideration of approximately HK$4.3 million and exited the loss-incurring IT-related business ("Disposal"). The Disposal provided an exit opportunity for the Group to one-off remove all liabilities in relation to Zida and its subsidiaries and to free resources to focus on the new property related core business. The Disposal recorded an exceptional profit of approximately HK$8.7 million for the Group. Details of the Disposal was disclosed in a circular dated 6 September 2007. The Disposal was duly approved by independent shareholders of the Company at the special general meeting held on 21 September 2007 and was completed on 21 September 2007.

Transformation to a Fully-fledged Ginza-style Property Operator

Jardine Center, Causeway Bay (100% interest)

In June 2007, the Group completed its inaugural acquisition of a quality en-block Jardine Center by way of the purchase of the entire equity interest in Max Act Enterprises Limited ("Max Act"). The total consideration was approximately HK$246 million, of which approximately HK$117 million was satisfied by way of issue of new shares of the Company and approximately HK$129 million was satisfied by way of issue of a 5-year convertible note.

Jardine Center, in the heart of Causeway Bay with a total gross floor area of approximately 52,836 square feet, generates a steady recurrent revenue for the Group. During the year under review, Jardine Center, virtually fully occupied, reported a 9-month rental contribution of approximately HK$14.0 million. It accounted for approximately 59.5 percentage of the Group's turnover for the year. The full-year operational rental contribution will be reflected in the results of 2008/2009. Details of the acquisition of Max Act was disclosed in a circular dated 30 May 2007. The acquisition of Max Act was duly approved by independent shareholders of the Company at the special general meeting held on 14 June 2007 and was completed on 25 June 2007. Thereafter Max Act becomes an indirect wholly-owned subsidiary of the Company.

Following the accounting standards, Jardine Center was measured at its fair value and an exceptional increase in fair value of approximately HK$38.9 million was recorded for the year.

Building for the Future — Selectively Acquired a Number of Quality Development Projects

487–489 Lockhart Road, Causeway Bay (100% interest)

In November 2007, the Group completed another acquisition of a development project situated at 487–489 Lockhart Road, Causeway Bay by way of the purchase of the entire equity interest in Seedtime International Limited ("Seedtime") and the shareholders' loan. The total consideration of approximately HK$193 million was satisfied by a combination of issue and allotment of approximately HK$150 million new shares of the Company and a 5-year convertible note with a principal amount of approximately HK$43 million.

The project with a total gross floor area of approximately 32,675 square feet has been earmarked for the re-development of the first in Hong Kong to pioneer the concept of duplex-ginza retail property. Construction and renovation works of the project are close to completion, pre-lease has begun and been progressing well. It is expected to be ready for move in by the third quarter of 2008 and is poised to bring rental contribution to the Group soon after that. Details of the acquisition of Seedtime was disclosed in a circular dated 5 October 2007. The acquisition of Seedtime was duly approved by independent shareholders of the Company at the special general meeting held on 22 October 2007 and was completed on 14 November 2007. Thereafter Seedtime becomes an indirect wholly-owned subsidiary of the Company.

No. 49–65 Yuyuan Road, Jingan District, Shanghai (30% interest)

In March 2008, the Group announced another acquisition of premium project in the traditional prime shopping and business districts in Shanghai by way of the purchase of the entire equity interest in Uptodate Management Limited ("Uptodate"). The total consideration was approximately HK$321.5 million, of which HK$70 million has been satisfied in cash as a refundable deposit and the balance will be satisfied upon completion by way of a combination of approximately HK$44.9 million in cash, approximately HK$170.9 million in new shares and approximately HK$35.7 million in convertible notes.

Uptodate indirectly owns 30% interest in two parcels of adjoining land with a site area of approximately 116,649 square feet at No. 49–65 Yuyuan Road, Jingan District, Shanghai with market value of RMB2,200 million (after clearance of structures and evacuation) as at 14 September 2007 as appraised by Savills Valuation and Professional Services Limited. The site nestled within Grade 'A' office complexes, 5-star hotel as well as famed shopping malls, which has been earmarked for the development of Ginza-style shopping avenue with a gross floor area of approximately 762,586 square feet (including 3 level basements), is scheduled to be completed in the first quarter of 2012 ("Ginza Shopping Avenue"). As part of the Jingan district government bureau city planning, the Ginza Shopping Avenue will accommodate certain areas for building an integrated transportation hub that will be well connected by a number of new metro and bus lines and is scheduled to be completed in 2009 and ready for the advent of the 2010 Shanghai World Expo. In addition, the Ginza Shopping Avenue will have distinctive feature, designed by renowned architectural firm Benoy Limited, hence is set to become an iconic landmark in Jiangan District upon completion. Currently, relocation and evacuation is underway and in smooth progress.

Having garnered the support of 100% of the independent shareholders at the special general meeting held on 26 March 2008, the management has been working hard to fulfil the conditions precedent to the completion of the acquisition of Uptodate which is expected to be accomplished in the second half of 2008. By then, the Group will have a forceful presence in mainland China for capturing the fast-growing PRC retail market and lucrative property market. Details of the acquisition of Uptodate was disclosed in a circular dated 11 March 2008. Upon completion, Uptodate will becomes an indirect wholly-owned subsidiary of the Company.

8 Hau Fook Street, Tsim Sha Tsui (50% interest)

Subsequent to the balance sheet date, the Group enriches yet again its premium ginza-style property portfolio by way of acquisition of the entire equity interest in Honeyguide Investments Limited ("Honeyguide") and the shareholders' loan for a total consideration of approximately HK$82 million. It was partial satisfied in cash of approximately HK$35 million and the balance by way of issue of new shares of the Company.

Honeyguide indirectly holds 50% interest in a prime development site on 8 Hau Fook Street, Tsimshatsui. The project, accommodating a total gross floor area of about 40,311 square feet, has been earmarked for the development of a composite building with a ginza-style shopping mall and serviced apartments, which is located in the most prosperous commercial and shopping district in Kowloon. Currently the structure erected on the site had almost been demolished and construction is expected to start in the second half of 2008. It is scheduled to be completed in 2010.

The acquisition has allowed the Group to enlarge its asset base, extending it to cover properties at hot spots on both sides of the Victoria harbour. Details of the acquisition of Honeyguide was disclosed in a circular dated 2 June 2008. The acquisition of Honeyguide was duly approved by the independent shareholders of the Company at the special general meeting held on 23 June 2008 and was completed on 15 July 2008. Thereafter Honeyguide becomes an indirect wholly-owned subsidiary of the Company.

Property Agency Business — Uni-land

Uni-Land's retail property agency business was the second major revenue generator of the Group for the year under review. Uni-Land reported an operating profit of approximately HK$0.58 million for the year.

Reinforcing Capital Structure

The Company placed 44,960,000 and 64,600,000 new shares at HK$1.2 each by way of top-up placing in July and November 2007 respectively. The net proceeds raised were used for general working capital purpose.

After the placement in November 2007, Asset Managers (Asia) Company Limited and Atom Capital Management Limited Pte Limited became new strategic shareholders of the Company. The Directors are pleased to have investors showing strong confidence in the Group's transformation into a successful ginza-property operator.

Architecture — Enrich Unique Business Model

In November 2007, the Board welcome seasoned architect Mr. Li Man Hin to join the Company as executive director. Mr. Li has substantial experience in developing sizeable landmark buildings in Hong Kong and the Greater China Region. The solid experience and knowledge of Mr. Li in the real estate sector is expected to enable the Group to extend its investment and replicate the unique ginza-property business model in the major cities in the Greater China region.

Prospects

The year 2007 was a fruitful year for retailers in Greater China. Rapid economic growth in China especially in the last few years has brought strong real per capita income growth and bred a middle class with growing spending power in the country. As for Hong Kong, the population of high net worth individuals has kept increasing and spending sentiment has improved to the benefit of the retail market. With retail spaces constantly in short supply in the city, retailers have been moving their business "upstairs", a phenomenon bracing the Group's optimism about the demand for retail spaces, especially in ginza-style buildings, in Hong Kong and mainland China in the foreseeable future.

Holding expertise of the ginza-style retail space development and rental niche, the Group is advancing in confident and fruitful strides to become a leading operator in the ginza-style commercial property sector in the Greater China Region. As the PRC economy continues to boom, the Renminbi gains value and the Chinese Government pushing urban construction at full steam, demand for quality retail properties in China will continue to grow.

Going forward, we will continue to look for attractive opportunities and acquire new sites or properties suitable for replicating our successful business model to bring attractive returns to shareholders of the company.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Turnover from Continuing Operations

The Group's turnover from continuing operations was approximately HK$23.6 million (2007: HK$6.3 million), representing a substantial increase of approximately 274.6% as compared to last year. The increase in turnover was mainly attributable to the inclusion of stable and recurring rental income derived from the newly acquired investment properties.

Finance Costs

Finance costs, comprising mainly bank loans interest and imputed interest attributable to convertible notes, increased from approximately HK$0.06 million of last year to approximately HK$18.1 million. This was primarily due to the inclusion of bank borrowings being acquired for financing of the investment properties and property under development as well as imputed interest attributable to convertible notes issued during the year for financing of the acquisitions.

Profit Attributable to Shareholders of the Company

For the year ended 31 March 2008, the Group recorded a turnaround profit of approximately HK$9.4 million from a net loss of approximately HK$19.3 million in the previous year. The improvement in results for the year was primarily attributable to the inclusion of exceptional gains derived from fair value changes of investment properties and one-off gain on strategic disposal of loss-making subsidiaries.

Liquidity and Financial Resources

The Company placed 44,960,000 and 64,600,000 new shares at HK$1.2 each by way of top-up placing in July and November 2007 respectively. The net proceeds raised were used for general working capital purpose.

Operations of the Group are generally financed through internal resources and bank facilities provided by its principal banks. The standby revolving credit facility together with healthy operating cashflow will provide sufficient financial resources to satisfy its commitments and working capital requirements. The current ratio on 31 March 2008 remained healthy at 3.89 times as compared with 0.89 times on 31 March 2007.

The Group's gearing ratio, calculated as total liabilities over total assets, was approximately 56.8% (2007: 130%) as at 31 March 2008.

Charges on Group Assets

As at 31 March 2008, the Group's investment properties and properties under development in Hong Kong with carrying amounts of approximately HK$974 million (31 March 2007: HK$2.8 million) were pledged to banks to secure banking facilities granted to the Group.

Guarantees

Save for the Company has given several corporate guarantees in favour of banks for banking facilities to its subsidiaries to the extent of approximately HK$427 million (31 March 2007: HK$0.95 million), the Company and the Group had no significant contingent liabilities or outstanding litigation as at 31 March 2008.

Capital Commitments

The Group has capital commitments of approximately HK$15.5 million (31 March 2007: nil) in relation to the construction cost of properties under development as at 31 March 2008.

Save as aforesaid, the Group did not have any material commitment at the end of the year.

COMPARATIVE FIGURES

As a result of the discontinued operations and the adoption of HKFRS 7, Financial instruments: Disclosure, and the amendment to HKAS 1, presentation of financial statements: Capital Disclosures, certain comparative figures have been adjusted or re-classified to conform with change in disclosure in the current year and to show separately comparative amounts in respect of items disclosed for the first time in 2008.

Employees and Remuneration Policy

As at 31 March 2008, the Group had about 31 employees based in Hong Kong. The remuneration of each staff member was determined on the basis of his qualification, performance and experience. The Group also provides other benefits including medical cover and a Mandatory Provident Fund. Details of staff costs for the year ended 31 March 2008 are disclosed in note 5. A share option scheme was adopted by the Company on 3 September 2003 to enable the Directors to grant share options to staff and Directors as incentive.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

The Company has complied with the code provisions in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the year with deviation from code provision A.4.1 of the CG Code.

Code provision A.4.1 of the CG Code stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. At the annual general meeting of the Company held on 25 August 2006 ("AGM06"), the non-executive Director Mr. Mak Wah Chi was re-elected to hold office until the conclusion of the 2009 annual general meeting of the Company. Pursuant to the ordinary resolution passed by shareholders of the Company at the special general meeting held on 14 June 2007 ("SGM"), Mr. Li Kit Chee appointed by the Board on 4 April 2007 was re-elected as an independent non-executive Director and to hold office until the conclusion of the next annual general meeting. The three independent non-executive Directors, Mr. Li Kit Chee, Mr. Ng Hoi Yue and Mr. Tsang Kwok Ming, Rock and a non-executive director Mr. Cheng Yuk Wo, at the annual general meeting held on 21 August 2007 ("AGM07"), were re-elected to hold office until the conclusion of the next annual general meeting of the Company. As such, since the conclusion of the AGM06, AGM07 and the SGM, all non-executive Directors and independent non-executive Directors have been appointed for a specific term, and accordingly the Company has been in compliance with the code provision A.4.1.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

AUDIT COMMITTEE

The audit committee comprises a non-executive Director and two independent non-executive Directors, namely, Mr. Mak Wah Chi, Mr. Li Kit Chee (Committee Chairman) and Mr. Ng Hoi Yue. The audit committee had reviewed and discussed with management the accounting principles and practices adopted by the Group, audit, internal control and financial reporting matters including the review of the audited consolidated financial statements for the year.

PUBLICATION OF ANNUAL REPORT

The Company's annual report containing all information required by the Listing Rules will be despatched to shareholders and published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and the website of the Company at www.henrygroup.hk in due course.

By Order of the Board
Ng Ian
Chief Executive Officer

Hong Kong, 24 July 2008

As at the date of this announcement, the board of directors comprises Mr. Ng Chun For, Henry, Mr. Ng Ian, Mr. Chan Kwai Ping, Albert and Mr. Li Man Hin as executive Directors, Mr. Mak Wah Chi and Mr. Cheng Yuk Wo as non-executive Directors and Mr. Li Kit Chee, Mr. Ng Hoi Yue and Mr. Tsang Kwok Ming, Rock as independent non-executive Directors.

* *for identification purposes only*